



STATE OF HAWAII  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

JAN 11 2012

**COMPTROLLER'S MEMORANDUM NO. 2012-03**

TO: Heads of Departments  
ATTN: Fiscal Offices  
SUBJECT: Federal Per Diem Rates (CONUS)

In Notice 2011-81, the Internal Revenue Service has updated the federal per diem rates established by Revenue Procedure 2010-39 for travel within the continental United States (CONUS). These standard rates affect the computation of the taxable portion of per diem allowances paid to State of Hawaii officers and employees. The information in this memorandum therefore needs to be forwarded to the offices in your department responsible for the computation and reporting of the taxable portion of per diem allowances for payroll tax withholding purposes.

The following rates are to be used for computing, under the high-low substantiation method, the taxable portion of per diem for CONUS travel expenses paid or incurred on or after January 1, 2012.

	<u>High-Cost Locality</u>	<u>Low-Cost Locality</u>
Lodging	\$177	\$111
Meals and Incidental Expenses	<u>65</u>	<u>52</u>
Total federal rates	<u>\$242</u>	<u>\$ 163</u>

Revenue Procedure 2009-47 has also made some changes in the locations identified in the high-cost category. Attached is an updated listing of the high-cost localities; all other CONUS localities are considered low-cost localities under the high-low substantiation method.

  
JAN S. GOUVEIA  
State Comptroller

Attachment

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## Part III - Administrative, Procedural, and Miscellaneous

### 2011-2012 Special Per Diem Rates

Notice 2011-81

#### SECTION 1. PURPOSE

This annual notice provides the 2011-2012 special per diem rates for taxpayers to use in substantiating the amount of ordinary and necessary business expenses incurred while traveling away from home, specifically (1) the special transportation industry meal and incidental expenses rates (M&IE rates), (2) the rate for the incidental expenses only deduction, and (3) the rates and list of high-cost localities for purposes of the high-low substantiation method.

#### SECTION 2. BACKGROUND

Rev. Proc. 2011-47, 2011-42 I.R.B., provides rules for using a per diem rate to substantiate, under § 274(d) of the Internal Revenue Code and § 1.274-5 of the Income Tax Regulations, the amount of ordinary and necessary business expenses paid or incurred while traveling away from home. Taxpayers using the rates and list of high-cost localities provided in this notice must comply with Rev. Proc. 2011-47.

#### SECTION 3. SPECIAL M&IE RATES FOR TRANSPORTATION INDUSTRY

The special M&IE rates for taxpayers in the transportation industry are \$59 for any locality of travel in the continental United States (CONUS) and \$65 for any locality

of travel outside the continental United States (OCONUS). See section 4.04 of Rev. Proc. 2011-47.

#### SECTION 4. RATE FOR INCIDENTAL EXPENSES ONLY DEDUCTION

The rate for any CONUS or OCONUS locality of travel for the incidental expenses only deduction is \$5 per day. See section 4.05 of Rev. Proc. 2011-47.

#### SECTION 5. HIGH-LOW SUBSTANTIATION METHOD

1. Annual high-low rates. For purposes of the high-low substantiation method, the per diem rates in lieu of the rates described in section 4.01 of Rev. Proc. 2011-47 (the per diem substantiation method) are \$242 for travel to any high-cost locality and \$163 for travel to any other locality within CONUS. The amount of the \$242 high rate and \$163 low rate that is treated as paid for meals for purposes of § 274(n) is \$65 for travel to any high-cost locality and \$52 for travel to any other locality within CONUS. See section 5.02 of Rev. Proc. 2011-47. The per diem rates in lieu of the rates described in section 4.02 of Rev. Proc. 2011-47 (the meal and incidental expenses only substantiation method) are \$65 for travel to any high-cost locality and \$52 for travel to any other locality within CONUS.

2. High-cost localities. The following localities have a federal per diem rate of \$202 or more, and are high-cost localities for all of the calendar year or the portion of the calendar year specified in parentheses under the key city name.

<u>Key city</u>	<u>County or other defined location</u>
Arizona Sedona (March 1-April 30)	City limits of Sedona
California Monterey	Monterey

Napa (October 1-November 30 and April 1-September 30)	Napa
San Diego	San Diego
San Francisco	San Francisco
Santa Barbara	Santa Barbara
Santa Monica	City limits of Santa Monica
Yosemite National Park (June 1-August 31)	Mariposa
Colorado	
Aspen (December 1-March 31 and June 1-August 31)	Pitkin
Denver/Aurora	Denver, Adams, Arapahoe, and Jefferson
Steamboat Springs (December 1-March 31)	Routt
Telluride (December 1-March 31)	San Miguel
Vail (December 1-August 31)	Eagle
District of Columbia	
Washington D.C. (also the cities of Alexandria, Falls Church, and Fairfax, and the counties of Arlington and Fairfax, in Virginia; and the counties of Montgomery and Prince George's in Maryland) (See also Maryland and Virginia)	
Florida	
Fort Lauderdale (January 1-May 31)	Broward
Fort Walton Beach/De Funiak Springs (June 1-July 31)	Okaloosa and Walton
Key West	Monroe
Miami (December 1-March 31)	Miami-Dade
Naples (January 1-April 30)	Collier
Illinois	
Chicago (October 1-November 30 and April 1-September 30)	Cook and Lake
Louisiana	
New Orleans  (October 1-June 30)	Orleans, St. Bernard, Jefferson and Plaquemine Parishes

Maine

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Bar Harbor (July 1-August 31)	Hancock
Maryland	
Baltimore City (October 1-November 30 and March 1-September 30)	Baltimore City
Cambridge/St. Michaels (June 1-August 31)	Dorchester and Talbot
Ocean City (June 1-August 31)	Worcester
Washington, DC Metro Area	Montgomery and Prince George's
Massachusetts	
Boston/Cambridge	Suffolk, City of Cambridge
Falmouth (July 1-August 31)	City limits of Falmouth
Martha's Vineyard (July 1-August 31)	Dukes
Nantucket (June 1-September 30)	Nantucket
New Hampshire	
Conway (July 1-August 31)	Carroll
New York	
Floral Park/Garden City/Great Neck	Nassau
Glens Falls (July 1-August 31)	Warren
Lake Placid (July 1-August 31)	Essex
Manhattan (includes the boroughs of Manhattan, Brooklyn, the Bronx, Queens and Staten Island)	Bronx, Kings, New York, Queens, Richmond
Saratoga Springs/Schenectady (July 1-August 31)	Saratoga and Schenectady
Tarrytown/White Plains/New Rochelle	Westchester
North Carolina	
Kill Devil (June 1-August 31)	Dare
Pennsylvania	
Philadelphia	Philadelphia
Rhode Island	

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Jamestown/Middletown/Newport (October 1-October 31 and May 1-September 30)	Newport
Utah Park City (January 1-March 31)	Summit
Virginia Washington, DC Metro Area	Cities of Alexandria, Fairfax, and Falls Church; counties of Arlington and Fairfax
Virginia Beach (June 1-August 31)	City of Virginia Beach
Washington Seattle	King
Wyoming Jackson/Pinedale (July 1-August 31)	Teton and Sublette

3. Changes in high-cost localities. The list of high-cost localities in this notice differs from the list of high-cost localities in section 5.03 of Rev. Proc. 2010-39 (changes listed by key cities).

- a. No localities have been added to the list of high-cost localities.
- b. The portion of the year for which the following are high-cost localities has been changed: Yosemite National Park, California; and Chicago, Illinois.
- c. The following localities have been removed from the list of high-cost localities: Phoenix/Scottsdale, Arizona; South Lake Tahoe, California; Silverthorne/Breckenridge, Colorado; Riverhead/Ronkonkoma/Melville, New York; and Stowe, Vermont.

## SECTION 6. EFFECTIVE DATE

This notice is effective for per diem allowances for lodging, meal and incidental expenses, or for meal and incidental expenses only that are paid to any employee on or after October 1, 2011, for travel away from home on or after October 1, 2011. For

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purposes of computing the amount allowable as a deduction for travel away from home, this notice is effective for meal and incidental expenses or for incidental expenses only paid or incurred on or after October 1, 2011. See sections 4.06 and 5.04 of Rev. Proc. 2011-47 for transition rules for the last 3 months of calendar year 2011.

#### DRAFTING INFORMATION

The principal author of this notice is Eric D. Brauer of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this notice contact Mr. Brauer at (202) 622-4970 (not a toll-free call).